27th March, 1958

CABINET

RENT ACT: AMELIORATION OF HARDSHIP

Memorandum by the Minister of Housing and Local Government

I am bound to inform the Cabinet that there can be no doubt that a number of the 800,000 tenants of houses and flats decontrolled under Section 11(1) of the Rent Act, 1957 (i.e., dwellings of more than £40 rateable value in London and Scotland, £30 rateable value elsewhere) will be exposed to eviction when the standstill period on possession runs out next October. Though the number of tenants likely to be in this position will be a tiny minority of the whole, it can hardly be less than several thousand. If only 3 per cent of all decontrolled families are involved, the figure will be about 25,000.

2. Tenants at risk of eviction will be found mainly in London, Glasgow, and some other big towns, and in resorts like Worthing and Cheltenham with a high proportion of retired people. Some of them will doubtless be unreasonable or bad tenants with little or no claim to sympathy; but most are likely to be decent and deserving tenants faced with homelessness through no fault of their own — simply because they have been unable either to get their landlord to make a new agreement, or to rent or buy other suitable accommodation. Many of them will be elderly people with limited means, whose eviction by an unsympathetic landlord will create strong public feeling.

3. For help to be given to such tenants where they deserve help, legislation would be necessary. The thought of having to legislate is thoroughly distasteful. But the alternative is in my view that we should be forced by public opinion to pass emergency legislation under great pressure in October or November: and that would be worst of all.

4. In agreement with the Secretary of State for Scotland I have therefore thought it right to formulate proposals, for the consideration of the Cabinet, to give a degree of temporary protection to tenants for whom eviction would entail serious hardship, while at the same time maintaining the principle of decontrol and providing an incentive to both landlords and tenants to enter into fresh agreements. I am not prepared to advocate any departure from the main purposes and structure of the Rent Act. But we have never declared ourselves against smoothing the transition; indeed, the House of Commons resolved on 3rd March to support the Government in all measures necessary to achieve these purposes in a fair and reasonable manner.
5. The measure proposed is summarised below. It is conceived essentially as a first-aid operation to give temporary relief to the residual hard core of cases that is bound to exist next October so as to avoid actual homelessness and to give some extra time for the tenant to find new accommodation.

**SUMMARY OF PROPOSALS**

6. (i) The County Court, which as things are cannot give a stay of eviction for more than four to six weeks at the maximum, will be empowered to give a longer stay in appropriate cases under certain conditions.

(ii) No landlord will be entitled to regain possession without an Order of the Court.

(iii) When the landlord's application for such an Order is before the Court, the tenant will have a right to seek postponement of possession.

(iv) The right to seek such postponement will be limited to the case where the tenant (or a member of his family) has been in occupation of the premises since before the introduction of the Bill for the Rent Act, i.e., November, 1956.

(v) To succeed in obtaining a postponement of possession, the tenant will have to satisfy the Court:

   (a) that he has made a reasonable attempt to negotiate a new agreement with his landlord;

   (b) that he has made every reasonable effort (regard being had to age, infirmity or disability) to obtain alternative accommodation adequate to the needs of his family, and within his means; and

   (c) that in all the circumstances of the case dispossession will inflict greater hardship on him than failure to regain possession for the time being will upon the landlord.

(vi) If the tenant can satisfy these tests, he may be allowed remain in occupation for not less than three or more than nine months from the date of the Court's decision. He can also seek an extension, or further extension, of postponement subject to the same tests.

(vii) The tenant will be required to pay a notional rent equal to the "controlled" rent of twice gross value from 6th October, 1950 until the date on which the landlord's application for an Order is determined. If postponement of possession is granted, the tenant will then have to pay a rent of $2\frac{1}{2}$ times gross value throughout the period of postponement - subject however to power to the Court to fix a lower rent (but not less than twice gross value) if satisfied that the tenant cannot afford to pay $2\frac{1}{2}$ times gross value.
(viii) In view of the different rent structure, there will be a different provision on notional rent for Scotland.

(ix) The same mortgage restrictions as to foreclosure and interest will apply for such time as the landlord is denied possession under these provisions as would apply if the premises had not been decontrolled.

(x) It is proposed that these provisions should operate for three years from the passing of the Act.

7. A Landlord and Tenant (Temporary Provisions) Bill is in preparation to give effect to these proposals. If the policy is approved, it is in my view desirable that it should be announced to Parliament next week before the Easter recess, and the legislation proceeded with as quickly as possible between Easter and Whitsun.

H.B.

Ministry of Housing and Local Government,
S. W. 1.

26th March, 1958